



3510-07-P

DEPARTMENT OF COMMERCE

Bureau of the Census

[Docket Number 170912889-7889-01]

Annual Business Survey

AGENCY: Bureau of the Census, Department of Commerce.

ACTION: Notice of Consideration and Request for Comments.

SUMMARY: Notice is hereby given that the Bureau of the Census (Census Bureau) is considering a proposal to conduct an Annual Business Survey (ABS). Based on information and recommendations received by the Census Bureau, we understand that the data have significant application to the needs of other government agencies and the public. The ABS will provide the only comprehensive data on business owner demographics and business characteristics, including financing, research and development (for microbusinesses), and innovation. These data are not publicly available from nongovernment or other governmental sources.

DATES: Written comments on this notice must be submitted on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER.]**

ADDRESSES: Please direct all written comments to Aneta Erdie, U.S. Census Bureau, Economic Reimbursable Surveys Division (ERD), 6H139, Washington, DC 20233-6600, (301) 763-4841, Aneta.Erdie@census.gov.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to Patrice Norman, U.S. Census Bureau, ERD, 8K151, Washington, DC 20233-6600, (301) 763-7198, Patrice.C.Norman@census.gov.

SUPPLEMENTARY INFORMATION: The Census Bureau, with support from the National Science Foundation (NSF), is considering a plan to conduct an ABS for the 2017-2021 survey years. The Proposed ABS will be conducted under the authority of Title 13, United States Code, Sections 8(b), 131, and 182; and Title 42, United States Code, Sections 1861-76 (National Science Foundation Act of 1950, as amended). The ABS is a new survey designed to combine Census Bureau firm-level collections to reduce respondent burden, increase data quality, reduce operational costs, and operate more efficiently. The ABS replaces the five-year Survey of Business Owners (SBO) for employer businesses, the Annual Survey of Entrepreneurs (ASE), and the Business Research and Development (R&D) and Innovation for Microbusinesses (BRDI-M) surveys. The SBO has been conducted as part of the economic census every five years since 1972 to collect selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status for both employer and nonemployer businesses. The ASE was conducted for three reference years (2014, 2015, and 2016) as a supplement to the SBO to provide more frequent data on economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status for employer businesses. The BRDI-M survey was first fielded in 2016 as an expansion to the Business R&D and Innovation Survey (BRDI-S) to measure firm innovation and investigate the

incidence of R&D activities in growing sectors, such as small business enterprises not covered by BRDI-S.

Government program officials, industry organization leaders, economic and social analysts, business entrepreneurs, and domestic and foreign researchers in academia, business, and government will use statistics from the new ABS. Estimates produced on owner demographic data may be used to assess business assistance needs in order to allocate available program resources, and to create a framework for planning, directing, and assessing programs that promote the activities of disadvantaged groups. Estimates also may be used to assess minority-owned businesses by industry and area; to educate industry associations, corporations, and government entities; to analyze business operations in comparison to similar firms; to compute market share; and, to assess business growth and future prospects. Estimates produced on R&D and innovation may be used to compare R&D costs across industries, determine where R&D activity is conducted geographically, and identify the types of businesses with R&D. Estimates may be used to contribute to the Bureau of Economic Analysis (BEA) system of national accounts; to increase investments in research and development; to strengthen education and encourage entrepreneurship; and to compare business innovation in the United States to that of other countries.

The ABS would cover all domestic, nonfarm employer businesses with operations during the survey year. Nonemployer businesses would not be within the scope of the ABS. The Census Bureau will submit a separate request for approval to collect business and owner characteristics from nonemployer businesses if it is determined that a collection is needed to produce those estimates.

The ABS would collect the following information from employer businesses:

- Owner characteristics, including the gender, ethnicity, race, and veteran status of the principal owner(s) from all firms in the sample;
- Various business characteristics, including financing, from all firms in the sample;
- Research and development activity and costs from firms with less than 10 employees; and
- Innovation practices from all firms in the sample.

Additional owner topics include military service, owner acquisition, job functions, number of hours worked, primary income, prior business ownership, age of owner, education and field of degree, citizenship and place of birth, and reason for owning the business. Other business topics include number of owners and percent ownership, family owned and operated, business aspirations, funding sources, profitability, types of customers, types of workers, employee benefits, home operation, website use, and business activity. Starting with the 2018 survey, the ABS may include new module questions each year based on relevant business topics. Potential topics include technological advances, Internet usage, management and business practices, exporting practices, and globalization.

The draft content for the ABS will be cognitively tested with approximately 20 businesses. The questionnaire and interview protocol will be used to assess the feasibility and merit of suggested changes that arise from the testing.

The 2017 ABS will sample approximately 850,000 employer businesses to produce statistics that are more detailed. Annually from 2018-2021, the survey sample will be reduced to approximately 300,000 businesses to reduce respondent burden. Businesses which reported business activity on Internal Revenue Service tax forms 941, “Employer’s Quarterly Federal Tax Return;” 944, “Employer’s Annual Federal Tax Return;” or any one of the 1120 corporate tax

forms will be eligible for selection.

The ABS will be collected using only electronic instruments. Respondents will receive a letter notifying them of their requirement to respond and how to access the survey. Responses will be due approximately 30 days from receipt. Select businesses will receive a due date reminder via a letter prior to the due date. Additionally, two mail follow-ups to nonrespondents will be conducted at approximately one-month intervals. Select nonrespondents will receive a certified mailing for the second follow-up if needed.

Paperwork Reduction Act

Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act (PRA) unless that collection of information displays a currently valid Office of Management and Budget (OMB) control number. In accordance with the PRA, 44 U.S.C., Chapter 45, the Census Bureau will submit a request for approval to the OMB for approval of the ABS. The Census Bureau previously published a notice in the *Federal Register* on August 7, 2017 (82 FR 36728) informing the public of this planned submission and inviting public comment.

Dated: October 18, 2017.

Ron S. Jarmin
Associate Director for Economic Programs
Performing the Non-Exclusive Functions
and Duties of the Director
Bureau of the Census